

March 10, 2003

MAINE PUBLIC SERVICE COMPANY
Request for Approval of Alternative Rate Plan

NOTICE OF PROCEEDING

I. DESCRIPTION OF PROCEEDING

On March 6, 2003, Maine Public Service Company (MPS or Company) filed a request for Approval of an Alternative Rate Plan (ARP) for implementation beginning on July 1, 2003 and which would run for seven years. Under the terms of MPS's proposed ARP, MPS's distribution rates would be increased by 8.9% at the outset of the plan and then annually by the rate of inflation during the first three years of the plan. A productivity analysis would be conducted at the end of the third year of the plan to determine if a productivity offset was necessary for years 4 through 7. In addition rates may be adjusted for extraordinary costs, changes in variable interest rates, pursuant to economic conditions adjustment earnings sharing, pricing flexibility, lost revenues, pursuant to reliability safety and service quality index and sharing of profits from certain non-core activities.

II. INTERVENTION

Interested persons wishing to participate as parties to this matter should file a petition to intervene in this matter in accordance with Section 722 of the Commissions Rules of Practice and Procedure no later than **March 20, 2003**. Objections to petitions to intervene will be considered at the initial case conference scheduled below.

III. CASE CONFERENCE

An initial case conference in this matter has been scheduled for **March 27, 2003** at 9:00 a.m. The purpose of the conference is:

- 1) to rule on petitions to intervene and address objections to any petitions;
- 2) to address the issue of whether MPS's request for an 8.9% distribution delivery rate increase at the outset of the ARP constitutes a request for a general rate increase under the provisions of 35-A M.R.S.A. § 307 and thus requires a Chapter 120 filing under the Commission's rules.
- 3) the development of a schedule for the processing of MPS's request; and,
- 4) development of discovery procedures.

At the conclusion of the case conference, there will be an informal technical conference on MPS's filing. At such time parties and the Staff may ask questions on the rate mechanisms proposed by MPS and the underlying bases for such mechanisms.

IV. SERVICE OF NOTICE

A copy of this notice shall be provided to the parties and interested persons in Docket Nos. 1998-577 and 2001-240.

Dated at Augusta, Maine, this 10th day of March, 2003.

BY ORDER OF THE HEARING EXAMINER

Charles Cohen